

the amount mentioned being \$900,000, as against \$1,500,000 last year, a decrease of \$600,000.

Mr. HARRIS: Perhaps Sir Henry will make a statement with regard to that.

The WITNESS: The statement is quite simple. The appropriation asked for each year is to take care of the operating deficit, and was used last year for that purpose, and is intended to be used this year for the same purpose.

By the CHAIRMAN: The operating deficit last year was \$1,800,000—odd. I notice you ask for only \$900,000 this year. Is that because you expect a smaller loss this year?

The WITNESS: Yes. That is because we make allowance for what we conservatively believe to be an improved condition.

Mr. HARRIS: The sale of your assets, Sir Henry—the money received on the sale of some of your assets here—is being held for the purchase of new assets?

The WITNESS: You mean what use we mean to make of the money from the sale of the ships?

By Mr. Harris:

Q. Yes?—A. These profits are held at the disposal of the Government.

Major BELL: It goes to the Receiver General.

Mr. STEWART: How are you taking care of the \$364,000 of deficit last year in excess of the amount provided by the estimate?

By Sir Henry Drayton:

Q. You would have a credit from these retired notes at once?—A. Yes.

Q. How much would that amount to?

The WITNESS (To Mr. Davidson): That comes in on the supplementaries.

Mr. DAVIDSON: We have not put in a supplementary, but evidently there will be later on.

By Sir Henry Drayton:

Q. The question of my friend on my left (Mr. Stewart) was as to how you made up that difference of \$600,000 this year, but of course, you would be in a better position to explain this?—A. You mean the difference between what we asked for last year—

Q. Yes?—A. Because we conservatively expect we will be in a much better position—

Q. And the sale of these boats would save how much interest, for example, and depreciation?

Major BELL: The estimate is only to provide for the actual cash outlay.

Sir HENRY DRAYTON: Just the actual cash outlay.

Major BELL: Just the actual cash outlay.

By Sir Henry Drayton:

Q. That reflects the opinion of the management as to the likely improved condition?—A. Yes.

Mr. STEWART: I do not think Sir Henry Drayton has taken the correct meaning out of my question. The operating cost last year was \$1,864,000; the estimate provided for \$1,500,000. I want to know how the difference, which would be \$364,000, is provided for?

The CHAIRMAN: One is the fiscal year, and the other is the calendar year?

Major BELL: I think we had a supplementary. There was a vote of \$1,500,000, providing for the deficit last year, and there was an actual deficit

[Sir Henry Thornton.]